

For: Sugar State and County Offices

Updated Polarity Premium and Discount Schedule

Approved by: Deputy Administrator, Farm Programs



1 Overview

A

Background

Notice SU-59 was issued on August 2, 2000, clarifying the forfeiture procedures for sugar loans.

B

Purpose

This notice provides:

- a new polarity premium and discount schedule, see Exhibit 1
- procedures for County Offices to:
 - offset the forfeiture penalty from the polarity premiums
 - accept polarity test results from the processors at forfeiture for **cane sugar only**.

Disposal Date

August 1, 2001

Distribution

Sugar State Offices; State Offices relay to applicable County Offices

Notice SU-62

2 Action

A Forfeiture Penalty

A penalty shall be assessed and paid by a processor at the time of forfeiture of any sugar pledged as collateral for nonrecourse loans. County Offices shall calculate the penalty as follows:

- 1 cent per pound, raw value, for raw sugar
- 1.072 cent per pound, refined basis, for refined beet sugar.

These penalties are **due** and **payable** in the County Office the day after maturity.

B Polarity Premiums and Discounts

Adjustments will be made for polarity **only** for sugar cane at settlement according to Exhibit 1. Polarity tests **are** the processors' responsibility. County Offices may offset the forfeiture penalty from the premium payment.

All sugar cane processors must submit the documentation to the County Office the day after maturity for this adjustment to be made.

County Offices must:

- remind the processor that:
 - the forfeiture penalty is **due** the day **after** maturity
 - a forfeiture penalty **not** received the day after maturity is **not** considered a bonafide forfeiture
- manually calculate the:
 - forfeiture penalty
 - applicable premium and discounts according to Exhibit 1.

Example: If a sugar cane processor forfeits 2,500 lbs. sugar cane, the penalty would be \$25.00 (2,500 lbs. x .01000=\$25.00). The processor presents polarity results which tested 99.0 degrees of which, according to Exhibit 1, will result in a premium of \$23.63 (2,500 lbs x 0.9450=\$23.63).

Subtract the forfeiture penalty from the premium and collect and deposit the remaining monies due according to 3-FI, using the program code **"99SUGFOR"**.

Bulk Raw Cane Sugar Polarity Premium and Discount Schedule

This table provides a schedule for premiums and discounts adjusted for polarity degree.

Premiums		Discounts	
Polarity Degree	Adjustment (Cents/Lb.)	Polarity Degree	Adjustment (Cents/Lb.)
99.0+	0.9450	95.9	-0.0315
98.9	0.9135	95.8	-0.0630
98.8	0.8820	95.7	-0.0945
98.7	0.8505	95.6	-0.1260
98.6	0.8190	95.5	-0.1575
98.5	0.7875	95.4	-0.1890
98.4	0.7560	95.3	-0.2205
98.3	0.7245	95.2	-0.2520
98.2	0.6930	95.1	-0.2835
98.1	0.6615	95.0	-0.3150
98.0	0.6300	94.9	-0.3465
97.9	0.5985	94.8	-0.3780
97.8	0.5670	94.7	-0.4095
97.7	0.5355	94.6	-0.4410
97.6	0.5040	94.5	-0.4725
97.5	0.4725	94.4	-0.5040
97.4	0.4410	94.3	-0.5355
97.3	0.4095	94.2	-0.5670
97.2	0.3780	94.1	-0.5985
97.1	0.3465	94.0	-0.6300

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Bulk Raw Cane Sugar Polarity Premium and Discount Schedule (Continued)

Premiums		Discounts	
Polarity Degree	Adjustment (Cents/Lb.)	Polarity Degree	Adjustment (Cents/Lb.)
97.0	0.3150		
96.9	0.2835		
96.8	0.2520		
96.7	0.2205		
96.6	0.1890		
96.5	0.1575		
96.4	0.1260		
96.3	0.0945		
96.2	0.0630		
96.1	0.0315		
96.0	0		